

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

MONDAY



A18 \*A7J1P4EJ\* 19/11/2018 #242  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 7 6 4 4 7 6

Company name in full Sunny Cliff Hotel (Salcombe) Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Liquidator's name

Full forename(s) Timothy Alexander

Surname Close

### 3 Liquidator's address

Building name/number Winchester House

Street Deane Gate Avenue

Post town Taunton

County/Region Somerset

Postcode T A 1 2 U H

Country

### 4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator  
Use this section to tell us about  
another liquidator.

### 5 Liquidator's address ②

Building name/number

Street

Post town

County/Region


Postcode

Country

② Other liquidator  
Use this section to tell us about  
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

<b>6</b>	<b>Period of progress report</b>											
From date	<sup>d</sup> 2	<sup>d</sup> 0	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7				
To date	<sup>d</sup> 1	<sup>d</sup> 9	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8				
<b>7</b>	<b>Progress report</b>											
	<input checked="" type="checkbox"/> The progress report is attached											
<b>8</b>	<b>Sign and date</b>											
Liquidator's signature	<div>Signature</div> <div> <div>X</div>  <div>X</div> </div>											
Signature date	<sup>d</sup> 1	<sup>d</sup> 5	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8				

# LIQ03

## Notice of progress report in voluntary winding up



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Richard Warwick**

Company name **Milsted Langdon LLP**

Address **Winchester House**

**Deane Gate Avenue**

Post town **Taunton**

County/Region **Somerset**

Postcode **T A 1 2 U H**

Country

DX

Telephone **01823 445566**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**Sunny Cliff Hotel (Salcombe) Limited**  
**(In Liquidation)**  
**Liquidator's Summary of Receipts & Payments**

Declaration of Solvency £		From 20/10/2017 To 19/10/2018 £	From 20/10/2017 To 19/10/2018 £
	<b>ASSET REALISATIONS</b>		
22,000.00	Outstanding Sales Invoice - D Mabey	21,036.00	21,036.00
55,500.00	S455 Tax Recoverable	55,674.66	55,674.66
185,000.00	Cash at bank	130,405.24	130,405.24
3,300,000.00	Funds held by Porter Dodson	3,120,049.65	3,120,049.65
1,100,000.00	Secured Debt	1,147,955.00	1,147,955.00
	Tax refunds and repayments	19,744.82	19,744.82
	Bank interest gross	1,031.61	1,031.61
		<u>4,495,896.98</u>	<u>4,495,896.98</u>
	<b>COST OF REALISATIONS</b>		
(600.00)	Specific bond	600.00	600.00
(1,750.00)	Pre-Appointment fees	1,750.00	1,750.00
	Office holder's expenses	3.00	3.00
(2,750.00)	Office holder's fees (fixed)	2,750.00	2,750.00
	Corporation tax	195.89	195.89
(207.00)	Statutory advertising	207.00	207.00
		<u>(5,505.89)</u>	<u>(5,505.89)</u>
	<b>UNSECURED CREDITORS</b>		
(135.00)	Trade & expense creditors	NIL	NIL
(9,500.00)	Accountancy Fees	9,500.00	9,500.00
(620,000.00)	HM Revenue & Customs	625,813.56	625,813.56
(10,000.00)	HM Revenue & Customs (VAT)	322.04	322.04
(500.00)	Legal Fees	NIL	NIL
		<u>(635,635.60)</u>	<u>(635,635.60)</u>
	<b>DISTRIBUTIONS</b>		
	Ordinary shareholders	<u>3,740,065.65</u>	<u>3,740,065.65</u>
		<u>(3,740,065.65)</u>	<u>(3,740,065.65)</u>
<b>4,017,058.00</b>		<b>114,689.84</b>	<b>114,689.84</b>
	<b>REPRESENTED BY</b>		
	Bank 1 Current		114,689.84
			<b>114,689.84</b>



Timothy Alexander Close  
Liquidator

**Liquidator's Annual Progress  
Report to Members**

**Sunny Cliff Hotel (Salcombe) Limited –  
In Liquidation**

**15 November 2018**

## **CONTENTS**

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- 2** Progress of the Liquidation
- 3** Creditors' Claims
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- 5** Liquidator's Remuneration
- 6** Liquidator's Expenses
- 7** Members' Rights
- 8** Next Report

## **APPENDICES**

Receipts and Payments Account for the Period from 20 October 2017 to 19 October 2018 **Appendix A**

Additional Information in Relation to Liquidator's Fees Pursuant to Statement of Insolvency Practice 9 **Appendix B**

## **1.0 INTRODUCTION**

- 1.1 I, Timothy Close of Milsted Langdon LLP, Winchester House, Deane Gate Avenue, Taunton, TA1 2UH, was appointed as Liquidator of Sunny Cliff Hotel (Salcombe) Limited (the Company) on 20 October 2017. This report provides an update on the progress in the liquidation for the year ended 19 October 2018.
- 1.2 The trading address of the Company was Sunny Cliff Hotel, Cliff Road, Salcombe, TQ8 8JX. The business traded under the name Sunny Cliff Hotel.
- 1.3 The registered office of the Company was changed to Winchester House, Deane Gate Avenue, Taunton, TA1 2UH and its registered number is 02764476.

## **2.0 PROGRESS OF THE LIQUIDATION**

- 2.1 At Appendix A, I have provided an account of my Receipts and Payments for the year ended 19 October 2018 with a comparison to the Declaration of Solvency values.
- 2.2 The assets scheduled on the directors' Declaration of Solvency has been dealt with as follows:

### **Outstanding sales invoice**

- 2.3 An outstanding debtor balance estimated at £22,000 was listed on the Declaration of Solvency in respect of an amount due from Mr and Mrs Mabey. The amount was estimated as the directors believed that the debtor would not pay a service element of the invoice.
- 2.4 Following a review of the balance owed, the directors determined that a revised invoice should be issued to the debtor in the total sum of £21,036 and this amount was paid in full accordingly to the Company's bank account post appointment.

### **Cash at bank**

- 2.5 A balance of £185,000 was estimated to be available in the Company's bank account, held with Lloyds Bank Plc (the Bank) at the date of liquidation.
- 2.6 Following my appointment I wrote to the Bank, requesting the closure of the Company's banking facilities and the transfer of the credit balance to the liquidation estate.
- 2.7 A lengthy period of delay was experienced and difficulties encountered obtaining a response from the Bank. However, following a series of correspondence being issued and also the directors' conversations with the Bank, I received confirmation of the closure of the account in January 2018 and the closing balance of £151,441 was received.
- 2.8 After a review of the closing statements, it was identified that this balance included the debtor receipt detailed above. The remaining cash at bank was therefore £130,405, in accordance with the bank statement as at the date of liquidation..

### **Funds held by Porter Dodson**

- 2.9 At the date of liquidation, a balance of £3,300,000 was estimated as held in a client account by Porter Dodson solicitors.
- 2.10 Upon my appointment, I contacted Porter Dodson to arrange the transfer of these monies to the liquidation. Porter Dodson confirmed that they held £3,120,050 and provided a copy of a revised Annex sale completion statement to confirm how this amount was arrived at.
- 2.11 The funds of £3,120,050 were subsequently received by CHAPS transfer and confirmation received that no further monies were held.

### **Secured debt**

- 2.12 At the date of liquidation, a balance of £1,100,000 was owed to the Company by the Madge family in respect of a loan advanced by the Company for the purchase of the Annex, and for which the Company held security.
- 2.13 The amount owed by the Madge family was set against the initial capital distribution to them as shareholders, reducing the balance distributed to them, and included additional amounts in respect of costs relating to the sale of property and taxes due by the Company in respect of the benefit arising from the loans.
- 2.14 The total amount recovered from these shareholders' distributions was £1,147,955.

### **Section 455 tax recoverable**

- 2.15 As a result of the repayment of a director loan prior to my appointment a refund of Section 455 tax was expected from HM Revenue & Customs (HMRC) in the sum of £55,500.
- 2.16 Final Corporation Tax returns were prepared and filed by the Company's accountants, identifying the repayment due from HMRC.
- 2.17 Repayments were approved and received from HMRC in three tranches, based on the end of each relevant accounting period. Including interest, total repayments were £55,675.

### **Other matters**

- 2.18 A pre-liquidation Corporation Tax liability of £620,000 was anticipated but required confirmation from the Company's accountants following completion of the preparation of the final accounts.



- 2.19 Following the liquidation, however, it came to our attention that HMRC had retrospectively begun to take advantage of the principles emerging from a Lehman Brothers court case decision whereby tax due for the period up to the date of a solvent liquidation is now deemed by them to be a creditor's claim in the proceedings. Payment of the tax is now classed by them, therefore, as a dividend distribution to creditors rather than just payment of the tax due, enabling HMRC to claim statutory interest under insolvency legislation (calculated at the court rate of 8%) from the date of liquidation to the date payment was made. They started applying this to all solvent liquidations despite the representations made on behalf of the insolvency profession's trade body. It became apparent, therefore, that statutory interest would also be payable at 8% from the date of liquidation to the date of payment; on any outstanding corporation tax.
- 2.20 To limit the burden to shareholders, an early payment was required, however, due to delays being experienced with the Bank, funds were not readily available. By agreement, the shareholders provided monies to allow initial payments on account to be made in full.
- 2.21 Following confirmation of the actual liability, the balance was paid to HMRC and, as funds had now been received from the bank, the shareholders were reimbursed for their funds introduced.
- 2.22 The total tax paid was £625,814, including statutory interest of £5,638.
- 2.23 Following payment of the tax to HMRC it was identified that there might be a possibility that, due to the provision of certain Insolvency Rules, an element of the tax paid might be recoverable. Essentially, *Insolvency law states that where a debt is paid in advance of its due date, the amount due should be discounted for being paid early.*
- 2.24 As HMRC had not previously sought to recover statutory interest on amounts due these rules had not been in common usage. In light of the requirement to now pay statutory interest I thought it appropriate, therefore, to apply the legislation as written.
- 2.25 Once the stated formula was applied to the payment of the corporation tax it was identified that, including the statutory interest, tax of £18,195 should be recoverable. An application was, therefore, made to HMRC for the repayment of this amount.
- 2.26 This claim was upheld by HMRC and a repayment of £18,195 has been received for the benefit of shareholders. When taking this refund into account it can be noted that the Company has effectively paid less tax than would have been due if it had not been in liquidation.
- 2.27 Bank interest of £1,032 was received on funds held in the liquidation account. A final, post-liquidation, Corporation Tax return has been filed to account for the tax due on this interest. The liability of £196 has been paid in full.
- 2.28 Following my appointment, I contacted HMRC and applied for the cancellation of the Company's VAT registration.

- 2.29 Post appointment VAT returns were prepared and filed and a pre-liquidation VAT liability of £322 paid in full.
- 2.30 All VAT charged on costs and expenses incurred during the Period have been recovered from HMRC.
- 2.31 The fees of the Company's accountants, A C Mole & Sons, in respect of work carried out finalising the Tax position have been paid as an expense of the liquidation.

#### **Matters preventing closure**

- 2.32 All assets have been realised and liabilities paid. All tax returns have been filed and I now await final clearance from HMRC before proceeding to close the liquidation.

### **3.0 CREDITORS' CLAIMS**

#### **Secured Creditors**

- 3.1 The Company had no secured creditors.

#### **Preferential Creditors**

- 3.2 The Company had no creditors that would be accorded preferential status. No preferential claims were received or anticipated.

#### **Unsecured Creditors**

- 3.3 As detailed above, following the finalisation of the Company's tax position, corporation tax and VAT liabilities have been paid in full.
- 3.4 Outstanding fees owed to the accountants were also settled in full.
- 3.5 No other creditors came forward with claims during the statutory claims period, as advised in the London Gazette, and none were anticipated.
- 3.6 I can therefore confirm that all creditors have been paid in full and no outstanding claims exist.

### **4.0 DISTRIBUTIONS TO MEMBERS**

- 4.1 The following cash distribution to members was made in the current period:
- An initial distribution of £3,740,065.65, which incorporated set-off and repayment of the secured loans, representing £10 per share on 16 November 2017.
- 4.2 Upon receipt of final clearance from HMRC and following the payment of any outstanding liquidation costs and expenses I shall distribute the surplus funds to the shareholders.

## **5.0 LIQUIDATORS' REMUNERATION**

5.1 The Members approved that the basis of my remuneration be fixed as a set amount as follows

- a) £2,250 for routine work carried out as liquidator;
- b) £500 for arrangements and payment of an expedient initial distribution to shareholders;
- c) £1,750 for work carried out prior to my appointment; and
- d) £1,250 if it became necessary to hold the liquidation open for more than 12 months.

All fees to be subject to VAT and plus disbursements.

5.2 In the current period I have drawn £4,500 against the total set fee agreed at a) – c) above as approved by Members.

5.3 I had hoped to conclude matters in the first year of the liquidation but it has been necessary to hold the liquidation open for more than 12 months to enable HMRC to consider my claim and to obtain the receipt of the corporation tax refund. I will, therefore, be drawing the fee above as a result of having to issue this annual progress report and deal with other statutory matters. In addition, I am seeking with this report an uplift in my fee of £750 to account for the time spent calculating, corresponding with, and securing the refund of corporation tax from HMRC.

5.4 Attached as Appendix B is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

## **6.0 LIQUIDATOR'S EXPENSES**

6.1 Members approved that I be permitted to draw funds on account of my disbursements incurred during the administration of the liquidation.

6.2 The following Category 1 expenses have been incurred during the period of this report and reimbursed from funds realised:

<b>Expense</b>	<b>Incurred</b> £	<b>Paid</b> £	<b>Carried forward</b> £
Statutory advertising	207	207	Nil
Bonding	600	600	Nil
	<b>807</b>	<b>807</b>	<b>Nil</b>

6.3 The following Category 2 expenses were also incurred and paid in full during the period of the liquidation:

- Company searches £3

## **7.0 MEMBERS' RIGHTS**

7.1 Within 21 days of the receipt of this report, members with either at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company or with the permission of the court, may request in writing that the Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report.

7.2 Any members with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the Company may within 8 weeks of receipt of this progress report, make an application to court on the grounds that, in all circumstances, the basis fixed for the Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive.


7.3 Information about the way that we will use, and store personal data in relation to insolvency appointments can be found in the Privacy Notice which can be found at <https://www.insolvency-advice.co.uk/services/information-for-creditors/>. If you are unable to download this, please contact my office and a hard copy will be provided to you.

## **8.0 NEXT REPORT**

8.1 I am required to provide a further report on the progress of the liquidation within two months of the end of the second anniversary of the liquidation, unless I have concluded matters prior to this, in which case I will write to all members with my proposed final account.

8.2 If you have any queries in relation to the contents of this report, I can be contacted by telephone on 01823 445566.

Yours faithfully



**T A CLOSE**  
**Liquidator**

# RECEIPTS AND PAYMENTS ACCOUNT

# APPENDIX A

Statement of Affairs		From 20/10/2017 To 19/10/2018
	<b>ASSET REALISATIONS</b>	
22,000.00	Outstanding Sales Invoice - D Mabey	21,036.00
55,500.00	S455 Tax Recoverable	55,674.66
185,000.00	Cash at bank	130,405.24
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		<u>4,495,896.98</u>
	<b>COST OF REALISATIONS</b>	
(600.00)	Specific bond	600.00
(1,750.00)	Pre-Appointment fees	1,750.00
	Office holder's expenses	3.00
(2,750.00)	Office holder's fees (fixed)	2,750.00
	Corporation tax	195.89
(207.00)	Statutory advertising	207.00
		<u>(5,505.89)</u>
	<b>UNSECURED CREDITORS</b>	
(135.00)	Trade & expense creditors	NIL
(9,500.00)	Accountancy Fees	(9,500.00)
(620,000.00)	HM Revenue & Customs	(625,813.56)
(10,000.00)	HM Revenue & Customs (VAT)	(322.04)
(500.00)	Legal Fees	NIL
		<u>(635,635.60)</u>
	<b>DISTRIBUTIONS</b>	
	Ordinary shareholders	3,740,065.65
		<u>(3,740,065.65)</u>
<b>4,017,058.00</b>		<b>114,689.84</b>
	<b>REPRESENTED BY</b>	
	Bank 1 Current	114,689.84
		<u><b>114,689.84</b></u>

Notes:

This estate is VAT registered and therefore VAT should be recoverable.

The following dividends have been paid;

Return of Capital paid on 16/11/2017 of 10£ per share

**ADDITIONAL INFORMATION IN RELATION TO THE  
OFFICE HOLDER'S FEES PURSUANT TO STATEMENT  
OF INSOLVENCY PRACTICE 9**

**APPENDIX B**

**1.0 STAFF ALLOCATION AND THE USE OF SUB-CONTRACTORS**

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Our charge-out rate schedule below provides details of all grades of staff and their experience level.
- 1.3 We have not utilised the services of any sub-contractors in this case.

**2.0 PROFESSIONAL ADVISORS**

- 2.1 On this assignment, no professional advisors have been instructed.

**3.0 DISBURSEMENTS**

- 3.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.
- 3.2 Category 2 disbursements do require approval from creditors. These are the costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, faxes and photocopying.
- 3.3 We would advise that Category 2 disbursements are currently charged by this firm at the following rates:

<b>Disbursement</b>	<b>Charge</b>
Faxes	50p per sheet
Internal room hire for creditors' meetings	£70
Mailing fees (including postage)	
VA Proposals	£4.00 per pack
Large - over 20 pages	£1.75 per pack
Large	£1.60 per pack
Small	75p per pack
Mileage	45p per mile
Photocopies	10p per sheet

#### **4.0 CHARGE-OUT RATES**

- 4.1 A schedule of our charge-out rates for this assignment is detailed below. These rates are reviewed on an annual basis but there have been no material increases in these rates since the commencement of this case.

Licensed Insolvency Practitioners	195-285
Managers and Supervisors	130-200
Case Administrators and other Administrative staff	33-100

- 4.2 Please note that this firm records its time in minimum units of 1 minute.

#### **5.0 CREDITORS' GUIDE TO FEES**

- 5.1 A Creditors' Guide to the manner in which remuneration charged in this case and the rules relating to this area are detailed in the guides available on our website at <https://www.insolvency-advice.co.uk/services/information-for-creditors/>.